

**THE ALABAMA PREPAID AFFORDABLE COLLEGE TUITION PROGRAM
MEETING OF THE BOARD OF DIRECTORS
MINUTES
November 13, 2019**

Present:

Treasurer John McMillan, Chair
Mr. Marc Green for Dr. David Bronner
Mr. Robert Bradley
Ms. Patti Lambert
Ms. Maria Campbell
Ms. Michelle Granberry
Mr. Kelly Butler
Dr. Ken Tucker
Sen. Donnie Chesteen

Absent:

Rep. Bill Poole
Sen. Garlan Gudger
Ms. Sara Calhoun for Mr. Jimmy Baker
Gen. Paul Hankins
Dr. James Purcell
Mr. Tommy Dismukes

Others present include:

Ms. Daria Story, Assistant Treasurer
Ms. Anita Kelley, Program Director
Mr. Dan Sherman, Sherman Actuarial Services (phone)
Ms. Kayla Bankston, PACT Staff
Mr. George McCurdy, Regions Bank
Mr. Larry Ransburgh, Regions Bank
Ms. LeeAnn Herron, Regions Bank

Pursuant to written and public notice, the quarterly meeting of the Board of Directors of the PACT Program was held in the RSA Union Conference Room 683 on November 13, 2019. The meeting was called to order by Chair John McMillan at 1:00 p.m.

Roll was taken with a quorum present.

Chair McMillan introduced new board member Senator Donnie Chesteen.

Chair McMillan presented the minutes of the May 8, 2019 board meeting. A motion for approval of the minutes as presented was made by Dr. Tucker, seconded by Ms. Campbell, with unanimous approval.

Chair McMillan asked Anita Kelley for a program report. Ms. Kelley provided information on program activities, plan assets, revenues and disbursements, and the budget for fiscal years 2019 and 2020. She discussed tuition payments and stated the program paid out benefits in the amount of \$12.6 million to 3,882 students from July 1

through September 30 and noted that the number of active accounts was 13,586. A transfer from the Education Trust Fund in the amount of \$15 million was received on 10/07/19. The report was received as informational.

Chair McMillan called on George McCurdy with Regions Bank to present the quarterly investment report. Mr. McCurdy gave an economic and financial market update. He discussed the characteristics of the portfolio versus the Index. He stated total returns for the portfolio versus the benchmark were .65% for the quarter and outperformed the benchmark by .06% and 4.44% for the year outperforming the benchmark by .02%. The report was received as informational.

Chair McMillan called on Dan Sherman with Sherman Actuarial Services to present the quarterly actuarial report. He stated the asset value as of 9/30/19 was \$97.564,083 and the trust had a surplus of \$53 million and noted the funded ratio was 116.6% compared to the 9/30/2018 ratio of 120.2%. He also reviewed a spreadsheet of the projected cash flows, assets and liabilities through year 2032. Mr. Sherman presented information on active contracts and matriculation information for beneficiaries. The report was received as informational.

Mr. Sherman presented the proposed actuarial assumptions for FY20. He stated that the only change to the assumptions that are being recommended for the upcoming year are the investment return rates. A motion to approve the recommendation was made by Mr. Green, seconded by Mr. Butler with unanimous approval.

Chair McMillan called on Ms. Kelley to present information regarding a petition from a beneficiary requesting an extension be allowed on the account that expired in August, 2018. A summary was provided of the petition. Discussion ensued noting that this request was not extraordinary in nature. A motion to deny the request was made by Mr. Butler, seconded by Dr. Tucker with unanimous approval.

Chair McMillan noted the 2020 Board meeting dates and new meeting time.

There being no further business to be discussed, a motion to adjourn was made by Dr. Tucker, seconded by Ms. Granberry, with unanimous approval. The meeting adjourned at 1:35 p.m.

Anita Kelley, Director

John McMillan, Chair